

STATE OF IOWA  
DEPARTMENT OF COMMERCE  
UTILITIES BOARD

IN RE:  INVESTIGATION INTO NATURAL GAS UTILITY METHODS OF SERVICE DISCONNECTION AFTER TERMINATION OF SERVICE	DOCKET NO. INU-03-2
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**ORDER CONCLUDING INVESTIGATION**

(Issued August 1, 2003)

On March 31, 2003, the Utilities Board (Board) issued an order directing natural gas utilities to respond to certain questions concerning whether the utility allows gas service to remain turned on at a premise where there is no customer responsible for payment. The Board requested the information to determine whether this practice posed safety or service issues that should be addressed by the Board.

Responses were filed by Atmos Energy Corporation (Atmos); Aquila, Inc., d/b/a Aquila Networks (Aquila); Interstate Power and Light Company (IPL); and MidAmerican Energy Company (MidAmerican). Atmos stated that it had discontinued use of the practice after safety concerns were raised and had not renewed the practice. Aquila stated that it did not use this practice. IPL and MidAmerican filed responses to the questions. The questions and responses are discussed below.

## **RESPONSES TO QUESTIONS**

- 1. Describe the rationale, rules, and practices for allowing gas service to remain turned on in the absence of a customer who is responsible for payment, including cost/benefit discussion.**

**MidAmerican:**

MidAmerican uses a program called "Lock Hot," under which service may remain on for up to 15 days with no customer. The meter is read when a customer leaves and read again when a new customer begins receiving service. If a new customer has not been connected within 15 days, MidAmerican will physically turn off the gas and read the meter. Generally, this option is available only to residential customers who have requested service be discontinued and MidAmerican attempts to inform both the disconnecting and connecting customer that the gas is turned on. The manual used by MidAmerican customer service personnel contains detailed procedures for implementing "Lock Hot" and for advising the customer of the procedure.

MidAmerican contends the benefits to both the customer and company outweigh the costs. Benefits to the new customer include no need to schedule an appointment for relight and immediate gas service when the new customer moves into the premise. MidAmerican is benefited since the only action required between customers is two meter reads and the cost is limited to the small amount of gas that may be consumed by standing pilot lights during the time when there is no customer.

**IPL:**

IPL refers to the practice of leaving gas turned-on at a premise when there is no customer as “soft close.” IPL stated that there is no specified time limit for how long gas would be left turned on at a location between customers. IPL stated that it used the practice “primarily based on cost savings as well as the ability to reactivate the account more readily.” IPL states “The amount of cost avoided is significant in not having to send a higher skilled employee to the site twice and/or not involving the additional labor time associated with a relight.” IPL also indicated that it was reluctant to shut off gas in the winter due to concerns for human health and safety, property damage, and potential liability. IPL recognizes there may be safety concerns, but considers that the same concerns exist where a structure is left vacant and is under a customer account.

- 2. Rate-regulated utilities should describe any efforts made to recover the cost of gas consumed at premises during the time there is no customer responsible for payment from the prior customer, from the new customer, or from any other customer.**

**MidAmerican:**

MidAmerican states that consumption during a “Lock Hot” period will not be charged to a customer, unless MidAmerican learns that a new customer was actually in the premises during this period.

**IPL:**

IPL states that if the premise has become occupied and gas consumed without the occupants signing up for service from the utility, IPL will make an effort to

determine when occupancy began and bill the customer for that period. If no customer takes responsibility for the gas consumption, IPL charges the gas to unauthorized use.

- 3. Rate-regulated utilities should describe how the utility's accounting system records the unrecovered cost of gas consumed at premises where there is no customer responsible for payment.**

**MidAmerican:**

MidAmerican expenses the gas consumed during the period when there is no customer to a meter reading expense account, in the same manner as any other company use. The expense is charged as a duplicate charge credit in Account 929. MidAmerican does not include the cost of this gas in the calculation of the purchased gas adjustment factor.

**IPL:**

IPL accounts for the usage as utility system loss. The cost of the gas consumed where there is no customer responsible for payment is adjusted off the account. The adjustment is a reversal of revenue and usage from utility sales and is accounted for as utility system losses.

- 4. Provide copies of any Operating and Maintenance [O&M] Plan, tariff, or other written provisions related to any practices or procedures, whether formal or informal, for allowing gas service to remain turned on at premises where there is currently no customer responsible for payment.**

**MidAmerican:**

MidAmerican provided a copy of Index Page No. G 12.65-3 of its O&M Plan, which was effective March 11, 2003. Among other things, the plan permits use of

“Lock Hot” only “in areas that are low risk for vandalism, break-ins or other unauthorized interference.” The plan also requires that every effort be made to inform both the disconnecting and connecting customer that the gas has been left turned on. MidAmerican’s plan indicates that tags are placed on the doors of single-family dwellings and duplexes indicating the gas was still turned on.

In addition, MidAmerican provided a copy of its internal “Lock Hot” procedures for use by customer service personnel. The procedures provide a detailed explanation of the program, when and how it can be used, and instructions for explaining it to customers.

**IPL:**

IPL has not addressed “soft close” in its O&M Plan, nor does it have specific language in its tariff or specific written procedures. IPL indicated that it has reference information available to customer service representatives to assist them in seeking information to identify a party responsible for utility usage at a premise.

- 5. Provide any additions or changes that have been made or that are proposed to be made to the utility's Operating and Maintenance Plan required by 49 CFR § 192.605 in response to the December 24, 2002, letter of interpretation from OPS [Federal Department of Transportation, Office of Pipeline Safety] regarding the need for standards for determining whether gas can safely remain turned on to an unoccupied premise.**

**MidAmerican:**

The March 3, 2003, adoption of Index Page No. G 12.65-3 of its O&M Plan was in response to the Federal Department of Transportation, Office of Pipeline Safety (OPS) interpretation.

**IPL:**

IPL provided a proposed addition to its O&M Plan prepared in response to the OPS interpretation.

- 6. If there are no provisions in the utility's tariffs that allow gas to remain turned on at premises where there is no customer responsible for service, explain why these practices and procedures are not covered by the tariffs.**

**MidAmerican:**

MidAmerican states that the "Lock Hot" procedure does not conflict with its tariffs. The meter is read when a departing customer terminates service and is no longer responsible for service and the meter is read at the time a new customer begins service.

**IPL:**

IPL contends that its practices are implicitly allowed in its tariffs, even though there is no specific language in its tariffs concerning these practices. IPL supports the idea of tariff language that addresses use of "soft close" for clarity and consistency of application. It also proposes that the tariff should: a) outline the steps to be taken to establish the party responsible for service following termination of

service by the former customer; and 2) specify the property owner's responsibility for damages after reasonable attempts are made to notify the owner prior to gas turn-off.

### **BOARD DISCUSSION**

The Board initiated this inquiry to address concerns regarding the practice by natural gas utilities of leaving the gas service turned on when there was no customer responsible for the service. Board staff had previously found that some Iowa natural gas utilities used the practice, but did not have O&M Plan provisions complying with the OPS interpretation that required use of the site-specific "reasonable finder of fact" standard for safety and did not have their procedures specifically set out in tariffs.

Based upon the responses and a review of the circumstances involved in this practice, the Board finds that there is no substantive difference between the situation where there is no customer responsible for service and the situation where a customer is absent from a premise for a prolonged period of time, such as vacation or other absence. In either situation, gas service remains turned on for an extended period with no customer in the premise. Either situation could pose the same potential hazard.

IPL and MidAmerican indicated they had procedures for informing customers of the practice of leaving the gas service turned on and the Board is aware of no incidents in Iowa that have resulted from this practice. The information provided by IPL and MidAmerican shows there is a potential cost savings from a reduction in the number of times the company is required to turn the service off and then on, and

leaving the gas service on between customers also appears to be a convenience for the new customer. In addition, the Board understands IPL's reluctance to turn off gas to a premise in winter, when cold temperatures could result in property damage.

Based upon the information provided by IPL and MidAmerican, the Board finds there are sufficient benefits from the practice of leaving the gas service turned on when there is not a customer responsible for payment to allow the practice to continue. This practice, though, must be included in the utility's O&M Plan and tariffs. The OPS interpretation letter dated December 24, 2002, stated that utilities utilizing "soft close" must have provisions in their O&M Plan required by § 192.605 to insure the gas can safely remain turned on in the absence of a customer. IPL and MidAmerican have indicated that they recognize the need for the inclusion of procedures to ensure the safety of the practice and have adopted, or are in the process of adopting, such provisions.

The procedures followed for leaving gas service turned on when there is no customer responsible for payment and the practice of back billing a customer for usage during that period are required to be part of the utility's tariffs. Paragraph 199 IAC 19.2(4)"c" requires that the utility's tariffs contain a copy of the utility's rules, or terms and conditions, describing the policies and practices in rendering service. Included in those policies and practices, among other items, are rules governing disconnecting and reconnecting service and rules covering temporary, emergency, auxiliary, and stand-by service. The practice of leaving gas service turned on when



there is no customer responsible for payment and of back billing of customers are required to be specifically described in the tariffs in order to comply with paragraph 19.2(4)"c."

The Board is concerned that three natural gas utilities implemented these practices without informing the Board. The Board would have been aware of these practices if they had been included in the utility's tariffs as required by Board rules. Utilities should ensure that they comply with Board rules, since failure to do so could result in civil penalties under the provisions of Iowa Code § 476.51.

### **ORDERING CLAUSES**

#### **IT IS THEREFORE ORDERED:**

1. Natural gas utilities that leave natural gas service turned on at a premise where there is no customer responsible for payment shall include provisions in the utility's Operation and Maintenance Plan describing the procedures taken by the utility to ensure that the gas can safely remain turned on.
2. Natural gas utilities that leave natural gas service turned on at a premise where there is no customer responsible for payment shall file proposed tariffs that include provisions informing customers of the procedures followed and that describe any back billing procedures for gas consumption during this period.
3. Any natural gas utility currently using the practices described in this order shall include those procedures in its Operation and Maintenance Plan and file proposed tariffs within 60 days of this order.

4. Docket No. INU-03-2 is closed.

**UTILITIES BOARD**

/s/ Diane Munns

/s/ Mark O. Lambert

ATTEST:

/s/ Judi K. Cooper  
Executive Secretary

/s/ Elliott Smith

Dated at Des Moines, Iowa, this 1<sup>st</sup> day of August, 2003.